

## PUBLIC INSTRUCTION

Budget Summary						FTE Position Summary				
Fund	2010-11 Adjusted Base	Request		2011-13 Change Over Base Year Doubled		2010-11	Request		2012-13 Over 2010-11	
		2011-12	2012-13	Amount	%		2011-12	2012-13	Number	%
GPR	\$5,162,445,900	\$5,361,739,600	\$5,723,360,000	\$760,207,800	7.4%	250.24	257.43	257.43	7.19	2.9%
FED	770,455,000	778,911,000	773,622,100	11,623,100	0.8	305.19	297.39	291.39	- 13.80	- 4.5
PR	39,866,400	45,578,200	46,930,100	12,775,500	16.0	80.14	84.14	84.14	4.00	5.0
SEG	55,717,600	64,566,200	66,860,900	19,991,900	17.9	0.00	0.00	0.00	0.00	0.0
TOTAL	\$6,028,484,900	\$6,250,795,000	\$6,610,773,100	\$804,598,300	6.7%	635.57	638.96	632.96	- 2.61	- 0.4%

### Major Request Items

### General School Aids and Revenue Limits

#### 1. GENERAL SCHOOL AID AND TAX CREDIT PROVISIONS

GPR	\$574,015,100
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Request \$161,012,200 in 2013-14 and \$407,807,800 in 2014-15 for general school aids. Base level funding is \$4,293,658,000. Request \$5,195,100 in 2014-15 in a newly-created appropriation for hold harmless aid. Also, request statutory language to make the following changes to general aids and tax credit provisions, beginning in 2014-15:

a. Eliminate the school levy tax credit (\$747.4 million in 2012-13) and the first dollar tax credit (\$150 million in 2012-13) and, instead, distribute the same amount of funding (\$897.4 million) through the general school aids formula. Also, increase the current law \$75 million delayed payment of general school aid in the following July to \$972.4 million. Because the two credits are paid on a delayed basis in July under current law, there would be no increase in general fund expenditures in the 2013-15 biennium under this item.

A major objective of the equalization aid formula is tax base equalization. The formula operates under the principle of equal tax rate for equal per pupil expenditures. Districts with low per pupil property valuations receive a larger share of their costs through the formula than districts with high per pupil property valuations. The school levy tax credit is distributed based on each municipality's share of statewide levies for school purposes during the preceding three years multiplied by the annual amount appropriated for the credit and allocated proportionately to reduce individual owners' property tax bills. The first dollar credit is extended to each taxable parcel of real estate on which improvements are located and is calculated by multiplying the

property's gross school tax rate by a credit base value determined by the Department of Revenue or the property's fair market value, whichever is less. These credits are shared with all levying units through the tax settlement process. In effect, the state acts as a property taxpayer through the credits.

b. Eliminate high poverty aid and reallocate base funding of \$16,830,000 to the general school aids appropriation.

High poverty aid is distributed to districts with at least 50% of their enrollment eligible for free or reduced-price lunch. Aid per pupil is calculated by dividing the amount of funding appropriated by the total membership in all eligible districts, with a district's total payment determined by multiplying that amount by each district's membership.

c. Specify that each pupil eligible for federal free- or reduced-price lunch would be weighted by an additional 30% (be counted as 1.3 pupil rather than 1.0 pupil) for purposes of the membership count used in calculating equalized value per member under the general school aids formula.

Under current law, each full-time pupil in grades 1 through 12 is counted as 1.0 pupil in membership. Five-year-old kindergarten students are counted on a full-time equivalency basis, and four-year-old kindergarten students are counted as 0.5 or 0.6 pupil, depending upon the amount of outreach programming provided. The effect of using an additional 30% weight for low-income pupils when calculating equalized value per member is that the value per member calculation for districts with such pupils would be lower than under current law. Because each district's value per member is compared to three guarantees under the equalization formula, with the formula supplying aid to fund the portion of guaranteed tax base that the district is missing, a district that under this item has a lower value per member will generally receive more aid than otherwise. This provision would not, however, automatically result in a district receiving 30% more in aid for each low-income pupil.

d. Specify that special adjustment aid would be calculated based on 90% of a district's prior year general aid payment.

Under current law, special adjustment aid is equal to the amount needed to make an eligible district's total general aid eligibility equal to 85% of the district's prior year general aid payment. This item would raise the percentage to 90%, further limiting year-to-year declines in a district's general aid payment.

e. Specify that every district would receive minimum aid of at least \$3,000 per member under the general aid formula.

Under current law, the formula does not include any provision relating to minimum aid, so that a school district with equalized value per member in excess of the primary guarantee (\$1,930,000 per member) will not receive aid, although it may qualify for special adjustment aid. However, under current law, property taxpayers in every school district benefit from the school levy tax credit and the first dollar tax credit. These credits would be eliminated under the proposal. The minimum aid provision might be viewed as providing aid to every district, to

offset the loss of the tax credits provided to taxpayers.

f. Set the secondary cost ceiling at 100% of the prior year statewide shared cost per member.

Under current law, the secondary cost ceiling is set at 90% of the prior year statewide shared cost per member. Had this item applied in 2012-13, the secondary cost ceiling would have been \$10,005, rather than \$9,005 as under current law. Under this item, more costs would have been aided at the secondary level with its more generous guarantee, so that the lower level of state aid under the tertiary guarantee would only apply to school districts for shared costs that exceed the statewide average.

g. Create an appropriation for hold harmless aid. For eligible districts, aid would be paid in the amount needed to provide the district with the same amount of funding from the sum of general aid, the school levy credit, and high poverty aid under the various formula changes in 2014-15 as they would have received from those three sources under current law.

h. Restore the state's two-thirds funding commitment beginning in the 2017-18 school year. Also, specify that state support equal the following percentages in the indicated year: (a) 63.0% in 2014-15; (b) 64.2% in 2015-16; and (c) 65.4% in 2016-17. Beginning in May, 2014, and annually thereafter, require the Department of Public Instruction (DPI), Department of Administration (DOA), and Legislative Fiscal Bureau (LFB) to jointly certify an estimate of the equalization aid funding needed to attain the specified percentage of state support. Provide that the Joint Committee on Finance would determine the funding level in the second fiscal year of each biennium. The funding level in the first year would be established in the budget bill.

Under current law, there is no separate statutory mechanism to determine the amount of general aid funding provided. Funding is determined by the Governor and Legislature in the biennial budget process similar to most other state appropriations. Under two-thirds funding, a statutory process existed to determine the amount necessary in the general school aids appropriation each year to provide two-thirds state support of K-12 partial school revenues. Each year, by May 15, DPI, DOA, and the LFB were required to jointly certify to the Joint Committee on Finance an estimate of the amount necessary in the general school aids appropriation that, in combination with the amounts provided in other specified state support appropriations, would provide two-thirds funding in the following school year. Biennially, by June 30 of each even-numbered fiscal year, funding for the first fiscal year of each biennium was set as part of the budget. Joint Finance was required to determine the amount to be appropriated in the following school year and general school aids were appropriated in a sum-sufficient appropriation equal to the amount determined by Joint Finance.

## **2. REVENUE LIMIT PROVISIONS**

Request statutory language to make the following changes to school district revenue limits:

a. Set the per pupil adjustment at \$225 in 2013-14 and \$230 in 2014-15 and restore

the prior law inflationary adjustment beginning in 2015-16.

Under revenue limits, the amount of revenue a district can raise from general school aids, computer aid, and property taxes is restricted. Actual general school aids, computer aid, and property tax revenues received by a district in the prior school year are used to establish the base revenue per pupil in the current year. A district's base revenue per pupil is increased by a per pupil adjustment amount to determine its current year revenue per pupil. In 2012-13, the per pupil adjustment is \$50. Under current law, there will be no per pupil adjustment in 2013-14 and each year thereafter. Prior to 2009-10, the per pupil adjustment was adjusted for inflation, using the percentage change, if not negative, in the consumer price index for all urban consumers between the preceding March and second-preceding March. The following table shows the per pupil adjustment under the proposal compared to current law. It is estimated that the proposed per pupil adjustments would provide approximately \$190 million in additional revenue limit authority statewide in each year of the biennium.

#### **Per Pupil Adjustment**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Current Law	\$50	\$0	\$0
Proposal	50	225	230

b. Set the low revenue ceiling under revenue limits at \$9,300 per pupil in 2013-14 and \$9,600 per pupil in 2014-15.

Under the low revenue adjustment, if the sum of the base revenue per pupil and the per pupil adjustment described above for a district is below the statutorily-specified low revenue ceiling amount, a district may increase its revenue to that amount. The low revenue ceiling in 2012-13 is \$9,000 per pupil. Under current law, the low revenue ceiling will be \$9,100 per pupil in 2013-14 and each year thereafter. The following table shows the low revenue ceiling under the proposal compared to current law.

#### **Low Revenue Adjustment -- Per Pupil Amount**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Current Law	\$9,000	\$9,100	\$9,100
Proposal	9,000	9,300	9,600

## Categorical Aids

### 1. DELETE PER PUPIL ADJUSTMENT AID APPROPRIATION

GPR	- \$85,000,000
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Request -\$42,500,000 annually and delete the one-time appropriation for per pupil adjustment aid.

A one-time categorical aid appropriation was created in 2011 Act 32, funded at \$42.5 million GPR in 2012-13, related to the \$50 per pupil adjustment provided under revenue limits in that year. A district was eligible if it levied the maximum amount allowed under revenue limits in 2012-13, excluding the carryover adjustment, in the November certification of the district's levy. An eligible district's aid payment was equal to \$50 per pupil multiplied by the district's current year three-year average enrollment under revenue limits. To the extent that a district underlevied by an amount up to an equivalent of \$50 per pupil, the aid payment was prorated accordingly. No moneys may be encumbered from the appropriation after June 30, 2013.

### 2. SPECIAL EDUCATION AID

GPR	\$73,444,500
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Request \$17,322,200 in 2013-14 and \$56,122,300 in 2014-15 for special education categorical aid. Base level funding is \$368,939,100, which DPI estimates will equal 26.6% of eligible costs in 2012-13. DPI estimates the additional aid would allow for reimbursement of 26.6% of special education costs in 2013-14 and 28% of costs in 2014-15.

### 3. HIGH COST SPECIAL EDUCATION AID

GPR	\$3,000,000
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Request \$1,500,000 annually above base level funding of \$3,500,000 for high cost special education aid for school districts, CESAs, CCDEBs, and independent charter schools. Applicants are eligible for high cost aid for 90% of non-administrative costs above \$30,000 for an individual pupil in the previous school year, if the costs were not reimbursed by state special education categorical aid, federal Individuals with Disabilities Education Act, or the federal Medicaid program. If funding is insufficient, payments are prorated. DPI estimates payments will be prorated at 45.2% in 2012-13 including \$1.9 million FED from discretionary IDEA funding that DPI uses for the purposes of this program. Including the discretionary \$1.9 million FED annually, based on three years of high cost claims growth, DPI estimates that the requested GPR increase would provide reimbursement of 55% of aidable costs in 2013-14 and 52.3% of costs in 2014-15.

### 4. EDUCATOR EFFECTIVENESS SYSTEM

GPR	\$13,583,900
PR	<u>8,619,000</u>
Total	\$22,202,900

Request \$6,864,600 GPR in 2013-14 and \$6,719,300 GPR in

2014-15 to implement a new educator effectiveness system, including a statewide pilot in 2013-14 and implementation in 2014-15 allowing schools to evaluate teacher practice, principal practice, and student outcomes. The system would provide a comprehensive view of teachers and principals, using multiple measures, and using a framework that is intended to support continuous improvement in instructional practice.

Of the total GPR, request \$1,118,600 GPR in 2013-14 and \$973,300 GPR in 2014-15 in a new annual appropriation for agency operations related to the educator effectiveness system, including Value Added Research Center (VARC), at UW-Madison, analysis of student assessment scores, Wisconsin Center for Education Research (WCER), at UW-Madison, for assistance in development of an overall educator rating, information technology infrastructure costs, and for an external evaluation the new educator effectiveness system. Also request \$5,746,000 GPR annually in a new annual appropriation for a categorical aid to school districts to fund their use of an educator effectiveness platform. Aid would equal \$80 per educator to fund each district's choice of educator effectiveness models. The state's chosen model is Teachscape, which supports improvement in teacher practices by providing evaluator training, scoring teaching practice, and proficiency tests. Aid would fund: (a) principal and teacher training in how to use the system effectively; (b) licensing the Teachscape platform, (c) development of training, certification, and calibration for the evaluators of principals and education specialists statewide; (d) regional liaisons to provide initial state training to educators and evaluators; and (e) to contract with WCER to develop components to measure educational specialist practice and assist in training schools and districts during the pilot and implementation of the program.

Request expenditure authority of \$4,309,500 PR annually, in a new all moneys received continuing appropriation for district payments, for use if districts would choose to use the state's educator effectiveness framework, Teachscape. The PR source would be from school district payments, an estimated 75% of which would choose to use funding from the new categorical aid, for use of the state model for the educator practice portion of the educator effectiveness system.

## 5. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION PROGRAM

GPR	\$10,866,800
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Request \$10,866,800 in 2014-15 above annual base level funding of \$109,184,500 for the SAGE program, to fully fund the statutory payment of \$2,250 per pupil in 2014-15. According to DPI, payments will be prorated to \$2,046 per eligible pupil in 2012-13. Assuming no growth in low income enrollments in SAGE classrooms over the 2013-15 biennium, the requested amount would fully fund the program in 2014-15.

Under the program, school districts must do all of the following in each SAGE school: (a) reduce class size to 18 in grades K-3; (b) keep the school open every day for extended hours and collaborate with community organizations to make educational and recreational opportunities as well as community and social services available in the school to all district residents; (c) provide a rigorous academic curriculum designed to improve academic achievement; and (d) create staff development and accountability programs that provide training for new staff members, encourage employee collaboration and require professional development plans and performance

evaluations. A school district may choose, in one or more years covered by the SAGE contract, not to comply with the requirement to reduce class size in grades 2 or 3, or both, in one or more schools in the district. Schools are not eligible to receive aid for the grades in which class size is not reduced.

## 6. SCHOOL SUPPORT GRANTS

	Funding	Positions
GPR	\$10,263,900	2.00

Request \$10,000,000 in 2014-15 for a new categorical aid for reading and math coach grants for low-performing schools and for dissemination grants for high-performing schools. Request that \$9,375,000 in competitive grants would be made available to fund reading and/or mathematics instructional coaches within schools ranked in the categories "fails to meet expectations" and "meets few expectations" on the state's new school report cards, based on overall student achievement. The remaining \$625,000 in grants would be provided for dissemination grants to schools in the "significantly exceeds expectations" category, to hold school-based demonstration visits and professional development for lower performing schools to learn about effective instructional practices. In addition, request \$114,900 in 2013-14 and \$149,000 in 2014-15 and 2.0 positions that would be responsible for monitoring reform implementation, developing grant guidelines, coordinating grant application review and approval, and technical assistance for the new grant program.

## 7. HIGH COST PUPIL TRANSPORTATION AID

GPR	\$7,318,400
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Request \$7,318,400 in 2014-15 in an annual appropriation for a new categorical aid program to reimburse school districts for high cost pupil transportation. Request that aid would equal 75% percent of a school district's pupil transportation cost per member that exceeds 150% of the statewide average.

## 8. PUPIL TRANSPORTATION AID

GPR	\$424,000
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Request \$212,000 annually above base level funding of \$23,703,600 for pupil transportation aid, and request that independent charter schools be made eligible to receive aid under the program. The increase in funding would be used to reimburse the newly eligible charter schools. Also request that the reimbursement rate for pupils transported over 12 miles between home and school be increased from \$220 to \$275 per pupil beginning with the 2013-14 school year. No funding is associated with this change, as base level funding would be sufficient to fund the higher rate. The current law reimbursement rates are shown below.

<u>Mileage</u>	<u>Current Law (Full Year)</u>
0-2 miles (hazardous area)	\$15
2-5 miles	35
5-8 miles	55
8-12 miles	110
Over 12 miles	220

## 9. SPARSITY AID

GPR	\$6,601,000
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Request \$3,300,500 annually above base level funding of \$13,453,300 for sparsity aid for small, rural school districts, and request that the free or reduced-price lunch criteria for districts to qualify for the program be eliminated. Under the program, districts qualify for \$300 per pupil if they meet the following criteria: (a) an enrollment in the prior year of less than 725 pupils; (b) population density of less than 10 pupils per square mile of district attendance area; and (c) at least 20% of pupils qualify for free or reduced-price lunch. If funding is insufficient, payments are prorated. Based on prior year data, DPI estimates that aid will be prorated at 82%, or \$246 per pupil. DPI indicates that an additional 3 districts would have qualified for aid 2012-13 had the free and reduced price lunch criteria not applied. The requested funding would provide full funding for the program based on this estimate.

## 10. BILINGUAL-BICULTURAL EDUCATION AID

GPR	\$4,784,200
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Request \$178,000 in 2013-14 and \$4,606,200 in 2014-15 above base funding of \$8,589,800 for bilingual-bicultural categorical aids. It is estimated that this funding level would provide a reimbursement rate of approximately 8% of prior year eligible costs in 2013-14 and 12% of costs in 2014-15 for school districts statutorily required to offer bilingual programs. Under current law, school districts are required to establish a bilingual program if, within a language group at a given school, there are 10 or more English language learner (ELL) pupils in kindergarten to grade three, or 20 or more ELLs in grades four to eight or grades nine to 12. In 2011-12, the reimbursement rate was approximately 8.0%.

## 11. EXPANDED BILINGUAL-BICULTURAL EDUCATION AID

GPR	\$2,325,300
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Request \$2,325,300 in 2014-15 in an annual appropriation for a new categorical aid program to award up to \$100 per English language learner (ELL) pupil to districts with ELL populations below the statutory threshold that therefore do not currently receive bilingual categorical aid. Request that if funds are insufficient, DPI would be allowed to prorate the payments.

## 12. GRADUATION GRANTS

GPR	\$4,550,000
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Request \$4,550,000 in 2014-15 in an annual appropriation for a new categorical aid for graduation grants to increase graduation rates and decrease dropout rates in the lowest-performing 5% of school districts and independent charter schools for graduation and dropout rates over a rolling three-year period. A district could apply for funding would equal \$1,500 per pupil that dropped out in the most recent year, or an average of such pupils over the past three years, with maximum grant amounts depending on overall district enrollment. Request that grants would be provided in five year cycles, and that districts meeting certain performance criteria would be eligible for incentive payments.



**13. CAREER AND TECHNICAL EDUCATION INCENTIVE GRANTS**

GPR	\$3,000,000
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Request \$3,000,000 in 2014-15 in a sum sufficient appropriation for a new categorical aid for school districts with approved career and technical education programs. Aid would equal \$1,000 per pupil that graduates from the school district with an industry certification in certain occupations with workforce shortages. Certifications that would be eligible for incentive payments would be determined annually by DPI, the Department of Workforce Development and the Wisconsin Technical College System.

**14. SCHOOL BREAKFAST**

GPR	\$1,697,900
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Request \$701,700 in 2013-14 and \$996,200 in 2014-15 over annual base funding of \$2,510,500 for the school breakfast program to increase the state reimbursement rate for the school breakfast program to 10.0 cents per meal served. Of the total, \$649,500 in 2013-14 and \$943,400 in 2014-15 would reimburse school districts and private schools under the current program. Request an additional \$52,200 in 2013-14 and \$52,800 in 2014-15 and request that independent charter schools and the state residential schools be allowed to participate in the program. Under the program, participating agencies are eligible for reimbursements of 15.0 cents per meal served if funding is available. In 2011-12, payments were prorated at 9.5 cents per meal served. Under the state's other school nutrition programs, school lunch and school day milk, both independent charter schools and the state residential schools are currently eligible for meal reimbursements.

**15. SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM)**

	<b>Funding</b>	<b>Positions</b>
GPR	\$1,162,200	1.00

Request \$70,400 in 2013-14 and \$1,091,800 in 2014-15 and 1.0 GPR position beginning in 2013-14 for a new categorical aid to provide grants to school districts for STEM course offerings. Of the total, \$1,000,000 in 2014-15 would fund grants under the new categorical aid. The remaining \$70,400 in 2013-14 and \$91,800 in 2014-15 to fund 1.0 position (\$40,200 for salary, \$16,000 for fringe benefits, and \$14,200 for supplies and services in 2013-14, and \$53,600 for salary, \$21,300 for fringe benefits, and \$16,900 for supplies and services in 2014-15). The position would oversee the statewide grant program, and staff a new statewide STEM advisory council to be appointed by the State Superintendent. Also request a continuing, all moneys received PR appropriation to receive gifts and grants from individuals, businesses, and organizations to benefit STEM education, to be used for the purposes for which the gift or grant is made.

**16. REESTIMATE SCHOOL LIBRARY AIDS**

SEG	- \$8,000,000
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Request -\$5,000,000 in 2013-14 and -\$3,000,000 in 2014-15 as a reestimate of projected school library aids. Base level funding is \$37,000,000 annually. Revenues are from interest

earned on the segregated Common School Fund, administered by the Board of Commissioners of Public Lands.

## Choice and Charter

### 1. MILWAUKEE AND RACINE PARENTAL CHOICE PROGRAMS

GPR	\$64,799,400
Aid Reductions	8,311,200
Net GPR	\$56,488,200

a. Request \$19,688,400 in 2013-14 and \$39,494,500 in 2014-15 for payments under the Milwaukee parental choice program. Total funding would increase from \$150,742,800 in 2012-13 to \$170,431,200 in 2013-14 and \$190,237,300 in 2014-15. The Department estimates that 25,500 pupils in 2013-14 and 27,000 pupils in 2014-15 will participate in the program and that, based on the increase in general school aids requested by the Department, the maximum per pupil payment under the program would increase from \$6,442 in 2012-13 to \$6,684 in 2013-14 and \$7,046 in 2014-15.

b. Request \$1,791,700 in 2013-14 and \$3,824,800 in 2014-15 for payments under the Racine parental choice program. Total funding would increase from \$3,221,000 in 2012-13 to \$5,012,700 in 2013-14 and \$7,045,800 in 2014-15. The Department estimates that 750 pupils in 2013-14 and 1,000 pupils in 2014-15 will participate in the program. Similar to the Milwaukee program, the maximum per pupil payment under the Racine program would be \$6,684 in 2013-14 and \$7,046 in 2014-15.

c. Request statutory language to specify that the increase in general school aids that results from the requested shift of funding from the school levy and first dollar tax credits to general aids in 2015-16 would not be considered in the adjustment of the maximum per pupil for the choice programs in that year.

d. Request statutory language to specify that the choice reduction from the general school aids otherwise paid to the Milwaukee Public Schools (MPS) and the Racine Unified School District (RUSD) would be in an amount equal to 30% (rather than 38.4%, including the 6.6% City of Milwaukee payment) of the estimated cost of each program, beginning in 2014-15.

e. Request statutory language to eliminate the aid payment to the City of Milwaukee in an amount equal to 6.6% of the estimated total cost of the Milwaukee program for the purpose of defraying the choice program levy it raises on behalf of MPS, beginning in 2014-15.

The estimated cost of the payments from the choice program appropriations is partially offset by reductions from the general school aids otherwise paid to MPS and RUSD by an amount equal to 38.4% (including the 6.6% of City of Milwaukee aid) of the estimated cost of each choice program. Under revenue limits, MPS and RUSD may levy property taxes to make up for the amount of aid lost due to this reduction, less the amount of high poverty aid received by MPS.

Under the Department's reestimate, the partially offsetting aid reduction relating to MPS choice would increase by \$7,560,400 in 2013-14 and would decrease by \$814,000 in 2014-15 from the base choice reduction amount. The RUSD choice reduction would increase by \$688,000 in 2013-14 and \$876,800 in 2014-15 over the base choice reduction amount. The net general fund effect of the Department's reestimate and the proposed 70/30 split in 2014-15 would be to increase expenditures by \$13,231,700 in 2013-14 and \$43,256,500 in 2014-15 over the 2012-13 base level.

## 2. MILWAUKEE/RACINE CHARTER SCHOOL PROGRAM

GPR	\$23,463,000
Aid Reduction	<u>23,463,000</u>
Net GPR	\$0

Request \$6,627,500 GPR in 2013-14 and \$16,835,500 GPR in 2014-15 above base level funding of \$62,172,500 as a reestimate of sum sufficient funding for the Milwaukee/Racine charter school program. Under current law, the Common Council of the City of Milwaukee, the Chancellor of the University of Wisconsin-Milwaukee, and the Milwaukee Area Technical College are authorized to operate or contract to operate charter schools located within Milwaukee Public Schools. The Chancellor of the University of Wisconsin-Parkside is authorized to operate or contract to operate one charter school located within the Racine Unified School District. There are currently 21 charter schools participating, including one in Racine. An estimated 7,600 students attend these schools in 2012-13, and the aid per pupil is \$7,775. Beginning in 2013-14, per pupil payments will equal the prior year's payment plus the per pupil adjustment allowed under revenue limits. Based on DPI's 2013-15 budget request for revenue limit per pupil adjustments, the charter payment would increase \$225 in 2013-14 and \$230 in 2014-15. The request assumes that 8,600 pupils will be enrolled in the program in 2013-14 and 9,600 will be enrolled in 2014-15. Based on these estimates, payments would total \$68,800,000 in 2013-14 and \$79,008,000 in 2014-15. Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all school districts in the state. Under revenue limits, districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

## Administrative and Other Funding

### 1. STANDARD BUDGET ADJUSTMENTS

Request adjustments to the base budget of -\$721,300 GPR, \$1,137,500 FED, and -\$107,700 PR in 2013-14 and -\$686,000 GPR, \$848,600 FED, and -\$107,700 PR in 2014-15 and a reduction of 12.80 FED positions for: (a) turnover reduction (-\$412,800 GPR and -\$434,100 FED annually); (b) removal of noncontinuing elements from the base (-\$233,500 FED and -6.80 FED positions in 2013-14 and -\$523,000 FED and -12.80 FED positions in 2014-15); (c) full funding of continuing position salaries and fringe

	Funding	Positions
GPR	- \$1,407,300	0.00
FED	1,986,100	- 12.80
PR	<u>- 215,400</u>	<u>0.00</u>
Total	\$363,400	- 12.80

benefits (-\$705,600 GPR, \$1,765,000 FED, and -\$118,200 PR annually); (d) overtime (\$274,500 GPR, \$50,200 FED, and \$13,800 PR annually); (e) night and weekend differential (\$55,500 GPR, \$400 FED, and \$200 PR annually); and (f) full funding of lease and directed move costs (\$67,100 GPR, -\$10,500 FED, and -\$3,500 PR in 2013-14 and \$102,400 GPR, -\$9,900 FED, and -\$3,500 PR in 2014-15).

## 2. PERMANENT GPR REDUCTIONS

GPR	- \$435,400
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Request funding reductions of -\$217,700 annually to implement the lapse provisions of 2011 Act 32 relating to reductions in base funding.

## 3. FEDERAL REVENUE REESTIMATES

FED	\$9,735,200
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Reestimate federal revenues by \$7,367,600 in 2013-14 and \$2,367,600 in 2014-15 for the following: (a) federal aids -- program operations (\$2,266,900 annually); (b) federal aid -- economic stimulus funds (\$5,000,000 in 2013-14); and (c) federal funds -- local assistance (\$100,700 annually).

## 4. PROGRAM REVENUE REESTIMATES

PR	- \$7,412,000
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Reestimate PR expenditures by -\$3,699,600 in 2013-14 and -\$3,712,400 in 2014-15 for the following: (a) student activity therapy (-\$700 annually); (b) personnel licensure, teacher support, information and analysis, and teacher improvement (\$267,500 annually); (c) publications (-\$56,900 annually); (d) school lunch handling charges (-\$3,386,200 annually); (e) gifts, grants, and trust funds (-\$550,000 annually); (f) state agency library processing center (-\$7,500 annually); (g) general educational development and high school equivalency exams (\$19,300 annually); (h) data processing (\$1,046,700 in 2013-14 and \$1,003,900 in 2014-15); (i) program for the deaf and center for the blind -- pupil transportation (\$39,700 in 2013-14 and \$69,700 in 2014-15); (j) program for the deaf and center for the blind -- nonresident fees (-\$49,500 annually); (k) program for the deaf and center for the blind -- leasing of space (-\$6,100 annually); (L) program for the deaf and center for the blind -- services (-\$25,400 annually); (m) funds transferred from other state agencies -- local aids (-\$990,500 annually).

## 5. STATEWIDE STUDENT INFORMATION SYSTEM

Request \$13,875,900 GPR in 2013-14 and 1.0 GPR position, and \$1,590,500 PR in 2013-14 and \$2,955,200 PR in 2014-15 and 3.0 PR positions for the procurement, implementation, and ongoing support of a statewide student information system (SSIS). Request that the biennial GPR appropriation for the student information system be changed to a continuing appropriation. Of the total, request \$1,449,800 PR in 2013-14 and \$2,771,700 PR in 2014-15 and 1.0 PR position in a new, continuing PR-S appropriation for the purpose of collecting user fees from school districts, to be used to pay vendor per pupil fees and operating

	Funding	Positions
GPR	\$13,875,900	1.00
PR	<u>4,545,700</u>	<u>3.00</u>
Total	\$18,421,600	4.00

costs of the SSIS. Under 2011 Act 32, DPI is required to establish a student information system to collect and maintain information about pupils enrolled in public schools, including their academic performance and demographic information, aggregated by school district, school, and teacher. The State Superintendent is authorized to promulgate rules to authorize DPI to charge a fee to any person that uses the system.

## 6. SMARTER BALANCED AND ACT ASSESSMENTS

	Funding	Positions
GPR	\$11,492,500	2.00

Request \$1,872,800 in 2013-14 and \$9,619,700 in 2014-15 and 2.0 GPR positions for the state's standardized pupil assessments program. Base level funding for pupil assessments is \$4,578,300 annually.

Of the total, \$1,550,600 in 2013-14 and \$2,782,500 in 2014-15 would be used to: (a) fund the Wisconsin knowledge and concepts examinations (WKCE) in 2013-14; (b) administer the new Smarter Balanced and Dynamic Learning assessment systems in 2014-15; and (c) replace the science and social studies portions of the WKCE in 2014-15.

Request \$322,200 in 2013-14 and \$6,837,200 in 2014-15 and 2.0 positions to implement the full ACT suite statewide for high school pupils, including Explore, Plan, ACT college entrance exam, and WorkKeys in 2014-15. Of the total, \$140,700 in 2013-14 and \$183,500 in 2014-15 would fund 2.0 positions. Request \$181,500 in 2013-14 and \$362,900 in 2014-15 for costs related to certifying all high schools as ACT administration sites. Request \$571,600 in 2014-15 for data integration with state systems, training materials, and WorkKeys certificates. Request \$5,719,200 in 2014-15 to provide the ACT assessment suite to pupils enrolled in grades 9, 10, and 11 statewide.

Request statutory authority to adopt an assessment system for grades 9 and 11, in order to facilitate full implementation of the ACT suite. Request that independent charter schools and private schools participating in the Milwaukee and Racine parental choice programs be required to administer the grade 9 and 11 exams in addition to school boards. Request authority to develop a new, separate science and social studies assessment to meet state requirements for those subjects in grades 4, 8, and 10.

The new Smarter Balanced assessment, aligned with the Common Core state standards adopted by Wisconsin in 2010, was developed with a consortium of states with a federal Race to the Top assessment grant and will also fulfill federal accountability requirements. Smarter Balanced will be field tested in 2013-14, and will be ready to replace the mathematics, reading, and language arts portions of the current WKCE in grades 3 through 8 beginning in 2014-15. The ACT would be used in lieu of administering Smarter Balanced in high school. Until Smarter Balanced is ready, DPI is required by state and federal law to continue administering the federally approved WKCE.

Dynamic Learning is a new assessment, also being developed by a consortium of states, that will replace the current Wisconsin Alternate Assessments for Students with Disabilities (WAA-SwD). Similar to Smarter Balanced, Dynamic Learning will replace the mathematics, reading, and language arts portions of the WAA-SwD, but not the science portion. The social

studies portion is currently a locally administered assessment not currently paid for by the state.

## 7. READING ASSESSMENT

GPR	\$2,847,000
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Request \$1,496,000 in 2013-14 and \$1,351,000 in 2014-15 for assessments of reading readiness for four-year-old kindergarten through grade 2. Base level funding is \$800,000 annually. The reading assessment was first required for five-year-old kindergarten pupils in 2012-13 under 2011 Act 166. Request statutory authority to also assess four-year-old kindergarten pupils, and grades 1 and 2 pupils who are either new to the state, or who have received remedial services or other interventions for reading deficiencies in the preceding school term.

## 8. WISEDASH

Request \$4,434,300 GPR annually in a new annual appropriation for the purpose of maintenance and development of the Department's data warehouse and reporting systems, the longitudinal data system (LDS), WISEDash, and other reporting systems. Request expenditure authority \$3,570,000 PR annually in an existing data processing appropriation, for contractor payments to maintain and develop the data warehouse and reporting systems, which would be funded by the requested GPR. Request -\$49,100 FED annually and -1.0 FED position, and \$49,100 PR annually and 1.0 PR position, to convert an existing permanent FED position to a PR position.

	Funding	Positions
GPR	\$8,868,600	0.00
FED	- 98,200	- 1.00
PR	<u>7,238,200</u>	<u>1.00</u>
Total	\$16,008,600	0.00

The state's longitudinal data system and WISEDash have been developed and maintained under a series of grants from US Education Department, ending June 30, 2013. The LDS tracks data on pupil growth over time, at both the pupil level and in the aggregate, and WISEDash provides secure access to, and analysis of, a variety of data sources on pupil enrollment, attendance, and performance data, including data imported from the data warehouse.

## 9. DIGITAL LEARNING PORTAL

Request \$1,450,000 in 2013-14 and \$2,510,000 in 2014-15 and 1.19 positions beginning in 2013-14 in a new annual appropriation for a statewide digital learning portal, serving pupils and teachers. Of the total, request \$91,000 in 2013-14 and \$118,800 in 2014-15 for 1.19 positions, and request \$1,359,000 in 2013-14 and \$1,741,200 in 2014-15 for hardware, software licensing, web hosting, and content acquisition and management. The portal would provide centralized statewide access to digital education materials, including a learning management system, online courses for pupils, professional development content, and web-conferencing. Finally, request \$650,000 in 2014-15 to fund regional technical support centers to assist school district information technology staff.

	Funding	Positions
GPR	\$3,960,000	1.19

**10. MASTER EDUCATOR AND NATIONAL TEACHER  
CERTIFICATION REESTIMATE**

GPR	\$691,900
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Request \$212,100 in 2013-14 and \$479,800 in 2014-15 as a reestimate payments to teachers who are certified by the National Board for professional Teaching Standards or certified as a master educator under the state assessment process. Base level funding is \$2,440,600. DPI provides initial grants in an amount equal to the costs of obtaining certification, up to \$2,000. For nine consecutive years following the initial grant, DPI awards annual grants of \$2,500 to qualifying teachers. In addition, higher grant awards of \$5,000 are provided to continuing nationally certified or master educators working in schools with at least 60% pupil eligibility for free and reduced-price lunch.

For the purposes of this request, it is estimated that 85 educators annually would be newly certified under the program, receiving initial average grants of \$1,800 (\$153,000 annually). DPI estimates there will be 651 continuing educators in 2013-14 and 722 continuing educators in 2014-15 receiving standard grants (\$1,627,900 in 2013-14 and \$1,804,300 in 2014-15) and 139 continuing educators in 2013-14 and 153 continuing educators in 2014-15 receiving high poverty grants (\$694,200 in 2013-14 and \$766,500 in 2014-15). Finally, the IRS requires DPI to pay Medicare and Social Security taxes on behalf of continuing educators under the program (\$177,600 in 2013-14 and \$196,600 in 2014-15).

**11. SCHOOL LUNCH HANDLING CHARGES LAPSE**

GPR-REV	- \$2,950,000
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Request a reduction of -\$1,475,000 annually in PR lapses required under 2011 Act 32 from the school lunch handling charges appropriation, which contains federal revenue received from school districts for the transportation, warehousing, processing, and insuring of food products received as surplus commodities from the federal government. Request that DPI's required PR lapse be reduced from \$2,359,200 to \$884,200 annually for the 2013-15 biennium.

**12. RETAIN PERSONNEL CERTIFICATION FEES**

GPR-REV	- \$704,500
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Request statutory language to allow DPI to retain 100% of revenues from school and library personnel certification fees, by eliminating the current 10% reduction that is deposited in the general fund. Reduce estimated general fund revenues by \$349,000 GPR-Earned in 2013-14 and \$355,500 GPR-Earned in 2014-15.

**13. PUBLIC LIBRARY SYSTEM AID**

SEG	\$27,880,100
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Request \$13,796,000 in 2013-14 and \$14,084,100 in 2014-15 over base level funding of \$15,013,100 to increase public library system aid to 13% of estimated local and county operating expenditures for library services. The segregated revenue is provided from the state universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. Under current law, DPI is required to submit a request for aid to library systems equal to 13% of local and county expenditures in the calendar year immediately preceding the calendar year for which aid is paid.